

Q & A

“Prospective of Hawaii’s Implementation of PPP, EIDL, and PUA”



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General information:

Paycheck Protection Program (PPP)

Apply with your bank that you do business with, or any bank that processes PPP loans. Note: At this time the banks are not taking any PPP applications due to funds running out. Congress is currently working on providing more funds. Meanwhile, you can complete your application form (attached to this handout) and provide other information needed for the bank.

Economic Injury Disaster Loan (EIDL)

Apply online at: <https://covid19relief.sba.gov/#/>

Note: Like PPP funding is not available. You can go to the site to prepare what you need to apply.

Pandemic Unemployment Assistance (PUA)

Apply through Dept. of Labor & Industrial Relations (DLIR)

Application are not available at this time. Notice on their web site: *The DLIR is in the process of preparing for the availability of these benefit programs. Due to the complexity of the program requirements, this process will take time. As the programs become available, the DLIR will post updates on our website, share through media outlets and social media. Please be patient as we work through the details.*

For updates go to <https://labor.hawaii.gov/cares-act/>

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1. Independent Contractors are usually given their share of the commissions received, how would you make a paper trail for that...seeing that we're applying for the loan as a self-employed and will receive the funds directly?

A: When you receive your loan, you may consider placing it in a separate account to show proper disbursements of funds. Write yourself a paycheck to show a paper trail. You should also discuss this with and seek guidance from your accountant and/or tax preparer.

2. I hire other independent contractors in my business ...does that qualify as payroll expenses.

A: No, PPP only accounts for “payroll” employees.

3. Does PPP or EIDL require credit check?

A: No. This is a loan that should be “forgivable” after you have made proper accounting of the funds disbursed.

4. What if you don't have a profit but show a loss?

A: Unclear. Ask your banker.

5. It is a new business/LLC with capital expenses of \$150,000 & income of only \$45,000.

A: Same as 4 above.

6. If you are a real estate agent and have a potential sale in a month, does that mean you are still working? If you have nothing in your pipeline does that qualify you for not working?

A: It should; submit application and see what Department of Labor says.

7. Every bank that I've been to (virtually) since yesterday on Kauai states “Due to federal funding constraints with the Small Business Administration Paycheck Protection Program (PPP), we are no longer accepting new PPP loan applications. We will continue to review the applications we have received in the event that additional federal funding becomes available and follow up by email with applicants.”

A: Additional federal funding was approved on Friday, April 24, 2020. Get your application forms and supporting documents ready to submit as soon as the institutions open again.

8. I applied for PUA via UI website and received the status that the application was not filled out properly. Well- there were not many questions geared to IC....is there a phone number instead?

A: PUA applications are not available yet. Go to their web site (noted on page 1) to check when they are available.

9. As an IC how do we show the funds are used towards our own payroll? Do we write ourselves a check?

A: Yes, and for best practices, open a separate account to disburse funds.

10. Monies from the PPP can be used for leases, or rent, or mortgage. Since we're sole proprietors and don't always have a separate office, is it allowable for use on your home mortgage? (as you know we are allowed to use a percentage of our home as an "home office". So is that allowed? Just the percentage?

A: You may want to clarify with your bank but it probably does depend on whether you have a dedicated home office for federal tax purposes and yes just the percentage attributable to your qualifying home office would be eligible. Up to 25%, however, can be used for mortgage, rent, and utilities. Guidelines for the forgiveness of your loan will be managed by your bank.

11. Last I heard regarding EIDL, sole proprietors (1 person business) will only get \$1K max as a grant/advance. Is this what you know?

A: Check with your bank.

12. EIDL is \$1000/person up to \$10,000 or 10 people, not \$10,000 per applicant.

A: Yes, that is correct. Up to \$10,000 maximum.

13. Received letter of ineligibility from UI - how to appeal?

A: Wait for the PUA application to come out. Chances are you filled out the conventional Unemployment application.

14. How do you calculate amount again?

A: The bank has a loan calculator that you run your numbers on and it will automatically calculate the amount of the loan you are eligible for. This is for PPP.

15. Unemployment you have to reapply every week?

A: No, not for PUA (specifically). PUA is different from the conventional Unemployment process and application.

16. If we make for than \$100,000 a year as Realtors do we qualify for PPP?

A: The language says up to \$100,000 so if you make more, you can still qualify for "up to" amount.

17. I am still not clear where we are supposed to go to sign up for unemployment?

A: See page 1 of this handout out under PUA.

18. Where can I find the forms for all of these programs?

A: EIDL done through the SBA site, PPP is done online with your bank (or call your banker), PUA is with the State Unemployment office but forms are not available yet.

19. I got an email say the EIDL was sent to my bank. That was 10 days ago. The email is a no reply email address so I can't find out what happened.

A: Please be patient. That seems to be the same for everyone.

20. What do you mean by "banker"? Would this be a lender at a bank we've worked with or just someone that works at the bank?

A: The lender of the bank you work with. However, all banks whether you work with them or not, should be able to process your PPP application.

21. I have my application in to UI completed. However, whenever I get on to file the individual week, no matter what time of day, it always shows "High Volume" return at another time. Your advice?

A: Read General Information on Page 1 of this handout. The PUA application is not out yet.

23. EIDL is \$1,000 per employee up to \$10k right?

A: Yes

24. So for PUA - should we or should we not apply right now? I think I heard you say both Yes and No, so want to clarify.

A: Yes, you should apply for PUA, however the State Unemployment agency does not have their application out yet.

25. If you get hospitalized because of Corvid, is there a financial program to support expenses.

A: Yes, PUA.

26. If you are still making money but far less do you qualify for any program or do you have to wait until you receive no money?

A: Probably, but you should apply regardless.

27. If you haven't filed your taxes for 2019 yet, can you use your schedule C from 2018

A: You can use 2018 but encourage you to do your 2019 filing.

29. Do we apply for EIDL with our bank or the Government?

A: EIDL is filed online with SBA (see page 1 for link).

30. How will the unemployment office know when to stop your PUA benefits?

A: There is a statutory period of 36 months provided.

31. I'm a new Realtor. No track record. Still can file?

A: You can file, but not likely to receive much if anything.

32. Have a loss because I dipped into my own savings to build my business?

A: No, you should file for the financial programs nevertheless.

33. We work as a husband and wife full-time team but all income is attributed to one of us and the other shows none. Can the one showing no income still file or apply for the various programs?

A: Probably not, but you can try.

34. PUA is just for COV-19 related, example health related issues, correct? Determines your eligibility.

A: There is a list of eligibility reasons, all of which basically are tied to COVID. The Hawaii Department of Labor website should have this list.

35. If you applied for EIDL online via SBA, do you have to call a bank to get a loan? Or the SBA will directly loan you the money since they asked for bank account info?

A: No, EIDL is administered directly to you. It is the PPP that you have to go through your bank. Remember that you can apply for both, but if you are granted both, you have to select the best one that fits your situation. You cannot take both loans and be forgiven for both.

36. Am I entitled to any funds if my business is brand new and there are only expenses in building the business?

A: Uncertain. Get your applications in nevertheless.

37. We have submitted applications for PUA and they keep kicking them back saying there's a problem with the app but no explanation. The phone number is busy all day. How does one obtain help in filling out the app so it is acceptable to them. We suspect it has to do with us being independent contractors.

A: You probably are not processing the right PUA forms that have not been release yet.

38. Unemployment questions are not making a great deal of sense for someone self employed. Can you assist on the questions?

A: After reviewing all the specific questions you had written it looks like you're filling out a conventional unemployment application. The PUA application is not out (as of 4/24/20) and you may want to check with DILR (website on page 1 of this handout) as to when the form will be out.

Early Submission Questions– Final List

39. If we applied through the SBA for the EIDL, what determines if we qualify? Do we have to have employees? I applied as a sole proprietor but got an email back that they will give \$1000/employee up to \$10k but when I applied I didn't say I had employees. Is the EIDL money determined state by state? If I have multiple companies in multiple states, would I apply multiple times for each state? Has any of the money been paid out to people yet?

A: EIDL does not depend on employees. EIDL money is not determined state by state. Affiliation rules are being drafted to track businesses that are commonly owned. Some money has been paid out, but the system is overflowing and stressed.

40. I applied for SBA loan (\$10k grant) on 4/8 and received a confirmation number. Haven't heard anything since. I heard from another Realtor that this loan is only for a Real Estate sole proprietor with employees. Is that true?

A: This does not sound correct since the amount will be less with only on employee (you).

41. It does not seem fair or right that independent contractors could not be PPP processed until April 10th, while others could start beginning April 3rd... and now rumors are that funding may be depleted. What can be done?

A: We don't know why the government made that determination. It may be they wanted to take care of traditional beneficiaries first. If you haven't submitted your applications, prepare your paperwork (see page 1 for various places to obtain forms) and submit them as soon as funding becomes available.

42. Do sole proprietor qualify for PPP?

A: Yes.

43. NAR's COVID-19 web site page answered a question about applying for Under the CARES act both the SBA PPP/EIDL and unemployment benefits with your State: "at this time an individual could apply for both but there is no ability to determine whether an individual will qualify for both programs. Individuals should access each program qualifications when deciding on available options." Do you have any further information or guidance for agents on this issue?

A: We are advising that you apply for all of them. You can only utilize either the PPP or EIDL so choose which one fits your business best (if you receive approval for both).

44. For loan forgiveness, re payroll percentage. If you are a Realtor, an independent contractor, or have a business that is an LLC, would it make sense to take the % of the money allowable as payroll that can be forgiven and pay yourself first, before the percentage allowed for expenses? How would you do this, to prove that the payroll, which typically is what is left after expenses is to you? Write a check to another account, put in savings, etc?

A: It is advisable to open a separate account for your funds and disburse them accordingly. Yes, write a check to yourself if you're paying yourself a salary to create a paper trail. It doesn't matter in what order you make your payments (75% payroll, 25% other).

45. While applications are submitted, the only response seems to be an acknowledgment that the application (PPP, EIDL, etc.) has been received. How can we obtain a status of our application?

A: The reality is that you can't. The offices are inundated with calls and application forms, you may not be successful in trying to find out the status. All we can offer is that you be patient.

46. Can a sole proprietor apply for PUA?

A: Yes

47. How does a Realtor apply for PUA unemployment ? On 3/30 I applied under HUI claim, 2 claims showing pending.. I was on medical All of 2019 with no Real Estate income, will I receive unemployment? How long will it take to receive a unemployment check?

A: When the PUA forms are released, just apply for it. We don't know how long it's going to take after you've filed.

48. Can the realtors who works on 100% commission and has not paid unemployment insurance be qualified for UI under COVID-19?

A: For PUA benefits, yes.

49. About two weeks ago I submitted my initial UEI form to determine my qualification. Within one day I received confirmation of my direct deposit, followed by instructions on how to apply. When I could finally get into the site about a week ago, I completed the "Application for Determination of Insured Status". Since then I have received no reply. What shall I do next? I understand how overwhelmed the office staff is. Mahalo!

A: PUA applications are not out yet. That is the form you want to submit.

50. I own a nursery under a LLC. I have no employees, My partners & I run it, with one independent contractor/laborer. We have no income due to the shut down & a mortgage payment of \$5,625/mo. What program will assist me? I've looked at them all but they don't seem to be a right fit

A: Apply for all three: PPP, EIDL, and PUA.

51. I own 2 commercial buildings, under a LLC. My tenants were forced to close due to the shut down, so I am not receiving any rental income. I don't have any employee's. I do not have a mortgage but it is a Leasehold property and I pay the land owner \$11,137/mo rent. I have other expenses Eg utilities, Insurance. We pay a Real Estate firm to manage it & hire independent contractors/laborer when we need something done. As with my first question, can any of these programs help me

A: Yes, apply for all three

53. In each of these programs; PPP, EIDL, & PUA; what are the qualifications, restrictions and income limits? It was pretty clear that the stimulus program restriction was up to \$75,000 capping out at \$99,000. But we have not been able to pinpoint the info on these programs. We are following the agent/independent contractor model and have had a few of closings this year, and a couple since the start of the pandemic. No employees. But significant expenses. Please advise. Mahalo

A: The only income limitation applies to PPP with respect to employees making over \$100,000, with excess over \$100,000 not being covered.